MULTIMEDIA UNIVERSITY

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FINAL EXAMINATION

TRIMESTER 3, 2016/2017

BAC1044 – PRINCIPLES OF ACCOUNTING

(All sections / Groups)

31 May 2017
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 5 printed pages excluding cover page with 4 questions only.

2. Answer **ALL** questions. Marks are shown at the end of each question.

3. Answer in the answer booklet provided.

QUESTION 1

The following balances have been extracted from the books of Arissa Enterprise as at 31 December 2016.

	Debit (RM)	Credit (RM)
Land	600,000	
Equipment	400,000	
Motor Vehicles	500,000	
Accumulated Depreciation:		
Motor Vehicles		76,000
5% Loan from CIMB		750,000
10% Fixed deposit at MAYBANK	100,000	
Bank	60,000	
Cash	50,000	
Account payable		158,800
Inventories, 1 Jan	80,000	
Account receivable	95,000	
Drawing	10,000	
Capital		800,000
Duty on purchase	30,000	
Carriage inwards	12,000	
Returns	4,500	7,000
Purchases and sales	460,000	870,000
Discounts	15,000	17,000
Salaries expenses	150,000	
Repair and maintenance expenses	80,500	
Commission received		10,000
Insurance expenses	24,000	
Utilities	36,000	
Rental received		40,000
General expenses	21,800	
	2,728,800	**2,728,800**

Additional information:

1. Closing inventories as at 31 December 2016 was valued at RM100,000.
2. Interest on loan has been accrued for the year ended. The loan was taken on 1 July 2016.
3. Depreciation was to be provided:
   - Equipment — 20% on straight line method.
   - Motor Vehicles — 10% on reducing balance method.

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4. Interest on fixed deposit was still accrued for 2016.
5. Utilities outstanding amounted to RM1,300 and insurance prepaid was RM500.

Required:

a) Prepare the income statement for the year ended 31 December 2016. (12 marks)
b) Prepare the owner's equity statement for the year ended 31 December 2016. (4 marks)
c) Prepare the balance sheet as at 31 December 2016. (9 marks)

(Total: 25 marks)

QUESTION 2

(A)

During January 2016, the following transactions have been completed:

1. The owner, Mia Dinna, invests RM40,000 in cash in starting a real estate office operating as a sole proprietorship.
2. Purchased supplies for RM500 on credit.
3. Purchased equipment for RM9,000, paying RM4,000 in cash and signed, RM5,000, note payable.
4. Real estate commissions billed to clients amount to RM4,000.
5. Paid RM800 in cash for the current month's rent.
6. Paid RM200 cash on account for supplies purchased in transaction 2.
7. Received a bill for RM600 for advertising for the current month.
8. Paid RM2,500 cash for office salaries and wages.
9. Mia Dinna withdrew RM1,800 from the business for living expenses.
10. Received a cheque for RM2,500 from a client in payment on account for commissions billed in transaction 4.

Required:

Journalize the above transactions in General Journal form. Explanations are not required. (10 marks)

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(B)

Selected below are the transactions incurred for the year ended 2016 of NurAmani Beauty Sdn. Bhd.

		Debit or Credit
1.	An increase in Salaries Expense.	
2.	A decrease in Accounts Payable.	
3.	An increase in Prepaid Insurance.	
4.	An increase in Owner's Capital.	
5.	A decrease in Supplies.	
6.	An increase in Owner's Drawings.	
7.	An increase in Service Revenue.	
8.	A decrease in Accounts Receivable.	
9.	An increase in Rent Expense.	
10.	An increase in Equipment.	

Required:
Under a double-entry system, show how the entry in each above statement is entered in the ledger by using debit or credit to indicate the increase or decrease in the affected account. (10 marks)

(C)

Presented below are the selected list of events and transactions occurred during the year 2016 for a business.

1. Financial statements are the major means of communicating accounting information to interested parties.
2. The recording process becomes more efficient and informative if all transactions are recorded in one account.
3. Income will always be greater under the cash basis of accounting than under the accrual basis of accounting.
4. Both direct labor cost and indirect labor cost are product costs.
5. A flexible budget report will show both actual and budget cost based on the actual activity level achieved.

Required:
Identify whether the above statement is **TRUE** or **FALSE.** (5 marks)

(Total: 25 marks)

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QUESTION 3

(A)

Aamil Berhad reported net income of RM180,000 for the current year, 2016. Depreciation recorded on equipment amounted to RM80,000 for the year. Balances of the current asset and current liability accounts at the beginning and end of the year are as follows:

	2016	2015
Cash	RM20,000	RM15,000
Accounts receivable	24,000	32,000
Inventories	50,000	65,000
Prepaid expenses	9,500	5,000
Accounts payable	12,000	18,000
Income taxes payable	1,600	1,200

Required:
Prepare the cash flows from the operating activities section of the company's statement of cash flows for the year ended 31 December 2016, using the indirect method.
(10 marks)

(B)

In the month of September, Megat Industries sold 800 units of a product. The average sales price was RM30. During the month, fixed costs were RM6,300 and variable costs were 70% of sales.

Required:
1. Determine the contribution margin in ringgits, per unit, and as a ratio. (6 marks)
2. Compute the break-even point in ringgits and in units, using the contribution margin technique. (4 marks)
3. Compute the margin of safety in ringgits and as a ratio. (5 marks)

(Total: 25 marks)

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QUESTION 4

(A)

Basma Manufacturing has budgeted the following unit sales:

2016	Units
April	25,000
May	40,000
June	60,000
July	45,000

Of the units budgeted, 40% are sold by the Gold Division at an average price of RM15 per unit and the remainder are sold by the Silver Division at an average price of RM12 per unit.

Required:
Prepare separate sales budgets for each division and for the company in total for the second quarter of 2016. (10 marks)

(B)

Arfina Berhad reports the following costs and expenses in May, 2016.

Factory utilities	RM16,500	Direct labor	RM79,100
Depreciation: Factory equipment	12,650	Property taxes: Factory building	2,500
Office supplies used	4,640	Factory manager's salary	8,000
Depreciation: Delivery trucks	3,800	Repairs to office equipment	1,300
Indirect factory labor	48,900	Factory repairs	2,000
Indirect materials	70,800	Advertising	23,000
Direct materials used	157,600	Sales salaries	48,400

Required:
1. Determine the manufacturing overhead. (7 marks)
2. Calculate the product costs. (3 marks)
3. Calculate the period costs. (5 marks)

(Total: 25 marks)

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